

ORDER NO. 6042

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Michael Kubayanda, Chairman;
Ashley E. Poling, Vice Chairwoman;
Mark Acton;
Ann C. Fisher; and
Robert G. Taub

Competitive Product Prices
Priority Mail & Parcel Select Contract 4
(MC2020-228)
Negotiated Service Agreements

Docket No. CP2020-258

ORDER APPROVING AMENDMENT ONE TO
PRIORITY MAIL & PARCEL SELECT NEGOTIATED SERVICE AGREEMENT

(Issued November 18, 2021)

I. INTRODUCTION

The Postal Service seeks to amend a Priority Mail Express & Priority Mail negotiated service agreement.¹ For the reasons discussed below, the Commission approves the Amendment.

¹ USPS Notice of Amendment to Priority Mail & Parcel Select Service Contract 4, Filed Under Seal, November 15, 2021 (Notice). The amendment is an attachment to the Notice (Amendment).

II. BACKGROUND

In Order No. 5670, the Commission approved the Priority Mail & Parcel Select Contract 4 negotiated service agreement (Existing Agreement).² On November 15, 2021, the Postal Service filed notice that it has agreed to the Amendment to the Existing Agreement.

The Postal Service intends for the Amendment to become effective three business days after the date that the Commission completes its review of the Notice. Notice at 1.

III. COMMISSION ANALYSIS

The Commission has reviewed the Notice and the accompanying materials filed under seal.

Cost considerations. The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3035.105 and 3035.107. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

The Amendment revises the tier thresholds that the customer must meet regarding quarterly average volumes, amends the annual adjustment provision for the Existing Agreement, and updates provisions related to appeals. Notice, Attachment A at 1-5.

² See Docket Nos. MC2020-228 and CP2020-258, Order Adding Priority Mail & Parcel Select Contract 4 to the Competitive Product List, September 3, 2020 (Order No. 5670).

The annual rate adjustment provision in section I.J. of the Amendment should allow its revenues to cover costs for the duration of its term. *Id.* at 2-5. The Commission will continue to review the cost coverage of the Existing Agreement, as amended, in its Annual Compliance Determination to ensure that rates cover costs.

The Amendment does not materially affect the underlying financial analysis of the Existing Agreement. Thus, the Commission finds that the Existing Agreement, as amended, comports with the provisions applicable to rates for competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3035.107.

Other considerations. The Postal Service states that the Amendment shall become effective three business days after the date that the Commission completes its review. Notice at 1.

If the Existing Agreement, as amended, is terminated prior to the scheduled expiration date, the Postal Service shall promptly notify the Commission.

In conclusion, the Commission approves the Existing Agreement, as amended.

IV. ORDERING PARAGRAPHS

It is ordered:

1. The Commission approves the Priority Mail & Parcel Select Contract 4 negotiated service agreement, as amended.
2. The Postal Service shall notify the Commission if the Existing Agreement, as amended, terminates prior to the scheduled expiration date.

By the Commission.

Erica A. Barker
Secretary